

Car Buyer's Bill of Rights

New Information

Legislation effective July 1, 2006, the "Car Buyer's Bill of Rights," substantially impacts the sale of new and used vehicles. This memo provides dealer education information and a summary of the new law's major changes. The sale of motorcycles, off-highway vehicles and recreational vehicles are excluded when specified.

Dealer Education

Industry Associations and Used Vehicle Dealer Education Providers are offering training specific to this new law. Early attendance in a course will be accredited and applied towards the next required dealer class. A listing of education providers may be obtained online at http://www.dmv.ca.gov/vehindustry/ol/dlr_edu_provider.htm.

The information in this memo is only a **summary** of the major changes. The dealer training curriculum provides in-depth information and procedures critical to implementation of the Car Buyer's Bill of Rights.

Summary of Major Changes:

Cap Markups

Dealers are prohibited from accepting more than 2.5% in compensation on automobile financing up to 60 months or 2% for financing of more than 60 months.

Certified Used Vehicles

Dealers are prohibited from advertising or selling lemon law buybacks, odometer rollbacks, improperly repaired rebuilt wrecks, and frame damaged vehicles as "certified" vehicles. Dealers are also prohibited from selling vehicles as "certified" if the seller has disclaimed the vehicle's warranty, or is selling the vehicle "as is."

Credit Score Disclosure

Dealers must provide a "Notice to Vehicle Credit Applicant" to buyers with a copy of their credit score when buyers apply for financing with a dealership.

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Summary of Major Changes, continued

Two-Day Contract Cancellation Option

The contract cancellation option is available only to buyers purchasing a **used** vehicle.

- Dealers must offer used car buyers a two-day contract cancellation option.
- The buyer may drive the vehicle(s) up to 250 miles in the two days and return the vehicle(s) for any reason. The vehicle(s) must be returned in substantially the same condition as received at the time of delivery, excluding normal wear and tear.
- The contract cancellation option applies to vehicle(s) being sold “as is” through consignment and without warranty.
- Dealers may charge a fee for the contract cancellation option based on the price of the vehicle(s).
- A restocking fee may be charged.

Vehicles Exempt from the Contract Cancellation Option

- Vehicle value is more than \$40,000
- Trailers
- Off-highway vehicles (OHV)
- Motorcycles
- Recreational vehicles
- Vehicles purchased for commercial use

Written Disclosure

Dealers are required to provide a written disclosure of the price to purchase items that commonly are merged with the monthly payment. Some of the items include extended service contracts, paint protection, theft deterrent systems, and fabric protection. The buyer must approve the final document.

Forms

Forms specific to the Car Buyer’s Bill of Rights are not supplied by DMV or required to be submitted to DMV. A copy of the bill may be obtained online at <http://www.leginfo.ca.gov>, by contacting the Legislative Bill Room in the State Capitol at (916) 445-2323, or by writing to:

California State Capitol
Room B-32
Sacramento, CA 95814

Background

The Car Buyer's Bill of Rights seeks to provide car buyers the same assurance and rights given to buyers of other products.

Reference

Civil Code §§2981, 2982, 2982.2, and 2982.10

Vehicle Code §§11709.2, 11713.18, 11713.19, 11713.20 and 11713.21

Revenue and Taxation Code §6012.3

Distribution

Notification that this memo is available online at www.dmv.ca.gov/pubs/olin/olin.htm was made via e-mail alert in May 2006 to the following:

- Dealers
- Lessor-Retailers
- Registration Services

Contact

Call the DMV Customer Communications Section at (916) 657-6560 for further clarification of this memo. Upon request, this document can be produced in Braille or large print.

A handwritten signature in black ink, appearing to read 'Mary Garcia', with a stylized, cursive script.

MARY GARCIA, Chief
Occupational Licensing